



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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November 14, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Acting Auditor-Controller

SUBJECT: **LOS ANGELES COMMUNITY COLLEGE DISTRICT OF LOS ANGELES
MISSION COLLEGE CONTRACT REVIEW – A COMMUNITY AND
SENIOR SERVICES WORKFORCE INVESTMENT ACT PROGRAM
PROVIDER – FISCAL YEAR 2007-08**

We completed a program, fiscal and administrative contract review of Los Angeles Community College District of Los Angeles Mission College (LACC or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with LACC, an educational institution to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The Agency is located in the Third District.

LACC was compensated on a cost reimbursement basis and had a contract for \$346,519 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether LACC complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, LACC provided the program services to eligible participants and maintained sufficient controls over its business operations. In addition, LACC appropriately charged program expenditures to the WIA programs. However, LACC did not always comply with WIA and County contract requirements. For example:

- LACC did not obtain criminal clearances or maintain the required documents in the employees' personnel files for all five employees sampled.
- LACC did not complete monthly bank reconciliations within 30 days of the bank statement date. As of April 2008, LACC's last completed bank reconciliation was for January 2008.
- LACC did not maintain appropriate documentation in the participants' case files to support the program activities reported on the Job Training Automation system for three (15%) of the 20 participants sampled.
- LACC's building permit expired as of September 2003.

Details of our review along, with recommendations for corrective action, are attached.

Review of Report

We discussed our report with LACC and CSS on September 5, 2008. In their attached response, LACC concurred with our findings and recommendations except they indicated that a current building permit was provided. As of October 22, 2008, LACC did not provide a copy of a current building permit.

We thank LACC for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC:EB:yb

Attachment

- c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Karen A. Hoefel, Vice President of Administrative Services, Los Angeles
Community College District of Los Angeles Mission College
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
LOS ANGELES COMMUNITY COLLEGE DISTRICT OF
LOS ANGELES MISSION COLLEGE
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Los Angeles Community College District of Los Angeles Mission College (LACC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 20 (18%) of the 114 participants that received services from July 2007 through April 2008 for documentation to confirm their eligibility for WIA services.

Results

All 20 participants sampled met the eligibility requirements for the WIA programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether LACC provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (18%) participants that received services from July 2007 through April 2008. We also interviewed 11 participants.

Results

The 11 participants interviewed stated that the services they received met their expectations. However, LACC did not maintain appropriate documentation in the participants' case files to support the program activities reported on the Job Training

Automation (JTA) system for three (15%) of the 20 participants sampled. Specifically, LACC did not maintain certificates of completion in the participants' case files to support the training services reported as completed on the JTA system. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

Recommendation

- 1. LACC management ensure that staff maintain appropriate documentation in the participants' case files to support the program activities reported as completed on the Job Training Automation system.**

PERFORMANCE OUTCOME REVIEW

Objective

Determine whether LACC met the planned performance outcomes as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB). The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes to the planned performance outcomes outlined in the County contract and the program activities reported on the JTA system.

Results

LACC met the FY 2007-08 planned performance outcomes as outlined in the County contract and accurately reported the performance outcomes to the WIB.

Recommendation

There are no recommendations for this section.

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed LACC's January 2008 bank reconciliation.

Results

LACC did not complete monthly bank reconciliations within 30 days of the bank statement date. As of April 2008, LACC's last completed bank reconciliation was for January 2008.

Recommendation

- 2. LACC management ensure that the bank reconciliations are completed within 30 days of the bank statement date.**

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 23 non-payroll expenditure transactions billed by the Agency for September and December 2007, totaling \$18,683.

Results

Generally, LACC's expenditures were allowable, properly documented and accurately billed to CSS.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, LACC maintained sufficient internal controls over its business operations. However, LACC's building permit expired as of September 2003.

Recommendation

3. LACC management obtain a valid building permit.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether LACC's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's equipment and inventory listing. In addition, we performed an inventory and reviewed the usage of 25 items purchased with WIA funds, totaling \$49,337.

Result

LACC could not locate five (25%) of the 25 items sampled, totaling \$22,370. Subsequent to our review, LACC located the five items.

Recommendation

4. LACC management ensure inventory is safeguarded and used for the WIA programs.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether personnel files were maintained as required.

Verification

We traced the payroll expenditures invoiced for seven employees totaling \$31,001 for August 2007 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for five employees assigned to the WIA programs.

Results

LACC appropriately charged payroll expenditures to the WIA programs. However, LACC did not obtain criminal clearances for all five employees sampled or conduct annual performance evaluations for two (40%) of the five employees sampled. In addition, LACC did not maintain personnel files as required. Specifically, LACC did not maintain proof of employability, job descriptions, signed Employee Acknowledgement and Confidentiality Agreements, valid driver's licenses and/or proof of automobile insurance for all employees sampled. These findings were also noted during the prior years' monitoring reviews.

Subsequent to our review, LACC provided copies of job descriptions and signed Employee Acknowledgement and Confidentiality Agreements for all five employees.

Recommendations

LACC management:

- 5. Obtain criminal clearances for all employees.**
- 6. Conduct annual performance evaluations.**
- 7. Maintain required documents in the employees' personnel files.**

COST ALLOCATION PLAN

Objective

Determine whether LACC's Cost Allocation Plan was prepared in compliance with the County contract requirements. In addition, determine whether the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in September and December 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, LACC's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's FY 2006-07 final close-out invoices for the WIA Adult and Dislocated Worker programs reconciled to the Agency's financial accounting records.

Verification

We traced LACC's FY 2006-07 general ledger to the Agency's final close-out invoices for FY 2006-07. In addition, we reviewed a sample of expenditures incurred in June 2007.

Results

LACC's final close-out invoices for the WIA Adult and Dislocated Worker Programs reconciled to the Agency's financial records.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

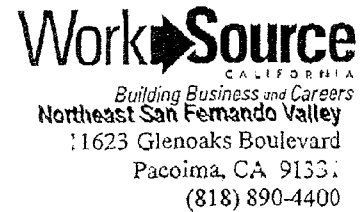
We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on January 4, 2008.

Results

The prior year's monitoring report contained six recommendations. LACC implemented two recommendations. As previously indicated, the findings related to recommendations 5, 6 and 7 in this report were also noted during the prior year's monitoring review. The remaining recommendation required LACC to implement the outstanding recommendations reported in FY 2005-06. LACC management indicated that they would implement the outstanding recommendations by December 31, 2008.

Recommendation

- 8. LACC management implement the outstanding recommendations.**



October 20, 2008

Wendy L. Watanabe
Acting Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Suite #51
Alhambra, CA 91803

Dear Ms. Watanabe:

This is in response to your final monitoring report, which we received in our office on September 24, 2008 in regards to the monitoring visit that your agency conducted on April 15-17, 2008.

The following is our response to the final report and the findings:

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the LACCD provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Recommendations

1. LACCD management ensure that staff maintain appropriate documentation in the participants' case files to support program activities reported as completed on the Job Training Automation system.

Response

The WorkSource Center partially agrees with finding #1.

It is our policy and procedure to enter any changes in participants' activities into the JTA system and ensure that all certifications of completion are filed in the participants' files upon training completion. For years, we have reported training as completed whenever a participant completes a course(s) he/she was enrolled in. In box #7 of the MIS exit form, we used code #1 to report when the participant receives a certificate. However, if the participant did not intend to receive a certificate, we use code #3, which is the code for

those who attended and completed training but were not expected to receive a certificate of completion.

Case managers monitor participants training by direct follow ups with participants and progress reports that are completed by instructors. Management will enforce the following procedures to ensure that proper documentation is being kept on file:

- o Case management/MIS staff development meetings to secure that these procedures are put into practice by all staff.
- o Revise progress report form to add another field in regards to course/class completion.

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Recommendation

2. LACCD management ensure that the bank reconciliations are completed within 30 days of the bank statement.

Response

The District will ensure that bank reconciliations are completed in timely manner.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Recommendations

3. LACCD management obtains a valid building permit.

Response

The WorkSource Center disagrees with finding #4.

The copy received of the permit entitled "Premises Use Permit" was a temporary permit until the final contract was established between Los Angeles Mission College and EDD. At the time of the monitoring visit, Mission College and EDD had a signed contract which overrules

the temporary Premises Use Permit. A copy of the lease agreement was presented to the monitor. All other required permits were submitted and approved.

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether LACCD's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Recommendation

4. LACCD management ensures inventory is safeguarded and used for the WIA programs.

Response

As it was stated in the monitoring final report, the five items were presented to Yoon Bae at the exit conference on September 5, 2008. The LACCD/LAMC WorkSource Center will update the inventory listing as changes occur.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Recommendations

LACC management:

5. Obtain criminal clearances for all employees.
6. Conduct annual performance evaluations.
7. Maintain required documents in the employees' personnel file.

Response

The WorkSource Center concurs with findings #6- 8.

- o The District Office continues to work with the college personnel offices to ensure that fingerprinting of all new employees is completed as part of the new hire process. The District Office is logging and tracking fingerprinting receipt forms. Results are sent electronically from Department of Justice to LACCD-Employer Employee Relations Unit for clearance.

- o The District implemented an electronic alert/notification system that reminds managers to complete evaluations for their employees. The system would remind the managers until the manager updates the status as complete.
- o The District Office is maintaining an electronic log of all new hire documents received from the colleges. College personnel offices are notified of any missing incomplete or missing documents.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Results

The prior year's monitoring report contained six recommendations. LACCD implemented two recommendations. As previously indicated, the findings related to recommendation 5, 6 and 7 in this report were also noted during the prior year's monitoring review. The remaining recommendation required LACCD to implement the outstanding recommendations reported in FY 2005-06. LACCD management indicated that they would implement the outstanding recommendations by December 31, 2008.

Recommendation

8. LACCD management implements the outstanding recommendations.

Response

LACCD agrees that these issues need to be addressed and resolved as soon as possible but because of the complexity of the District and its policies this may take longer. However, LACCD is making itself accessible to finding a prompt resolution to comply with contract guidelines.

If you have any question or need further information, please contact Maricela Quevedo at (818) 899-1529.

Sincerely,



Maricela Quevedo
NESFV WorkSource Coordinator